

Vermont Mileage-based User Fee

SENATE FINANCE COMMITTEE, APRIL 21, 2026

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MBUF for EVs in Legislation

- Authorized Agency to apply for federal grant funds, while establishing broad parameters within which to draft a legislative report and implementation plan (**2023 [Act 62](#)**)
- Enacted flat fee for plug-in electric vehicles and linked revenue to EV infrastructure funding (**2024 [Act 148](#)**)
- Revised outline of MBUF program based on legislative report and set a deadline (January 2027) for mandatory fee for electric vehicles to replace EV infrastructure (flat) fee for BEVs (**2025 [Act 43](#)**)

[H.944 \(2026\)](#) – Approve statutory framework, implementing MBUF for battery-electric vehicles by January 1, 2027

Mileage-based User Fees for Electric Vehicles

Basic Points of Vermont's Program:

- Aligns push for sustainable transportation revenue with state climate goals/requirements
- Cost-effectively utilizes existing annual vehicle safety inspection process with manual odometer reading (avoiding privacy concerns)
- Builds off significant state investment in DMV core system upgrades
- Allows flexible payment options/frequencies and only asks drivers to pay for what they use
- Leverages federal funds for implementation
- Starts small, with time and flexibility to evolve and expand



2025 Transportation Bill (Act 43, Sections 17-18)

Sec. 18. INTENT

It is the intent of the General Assembly that:

(1) the mileage-based user fee for a BEV pleasure car be approximately equivalent to the average amount collected by the State in fuel tax revenue from the use of a non-PEV pleasure car registered in Vermont and the average amount collected by the State in fuel tax revenue and Electric Vehicle Infrastructure fee from the use of a PHEV pleasure car; and

(2) that the mileage-based user fee for BEV pleasure cars will be an interim step towards gradually expanding the mileage-based user fee to all motor vehicles upon elimination of the State fuel taxes for motor vehicles.

We recommend an initial **1.4 ¢ per mile** rate for BEV pleasure cars

Approx. **equivalent** to what current gas and diesel vehicle owners pay in **motor fuel taxes**

Using a **5-year average** accounts for fluctuations in gas prices that effect the state tax

ICEV-Equivalent
Mileage Fee

=

5-year Average State Gas Tax

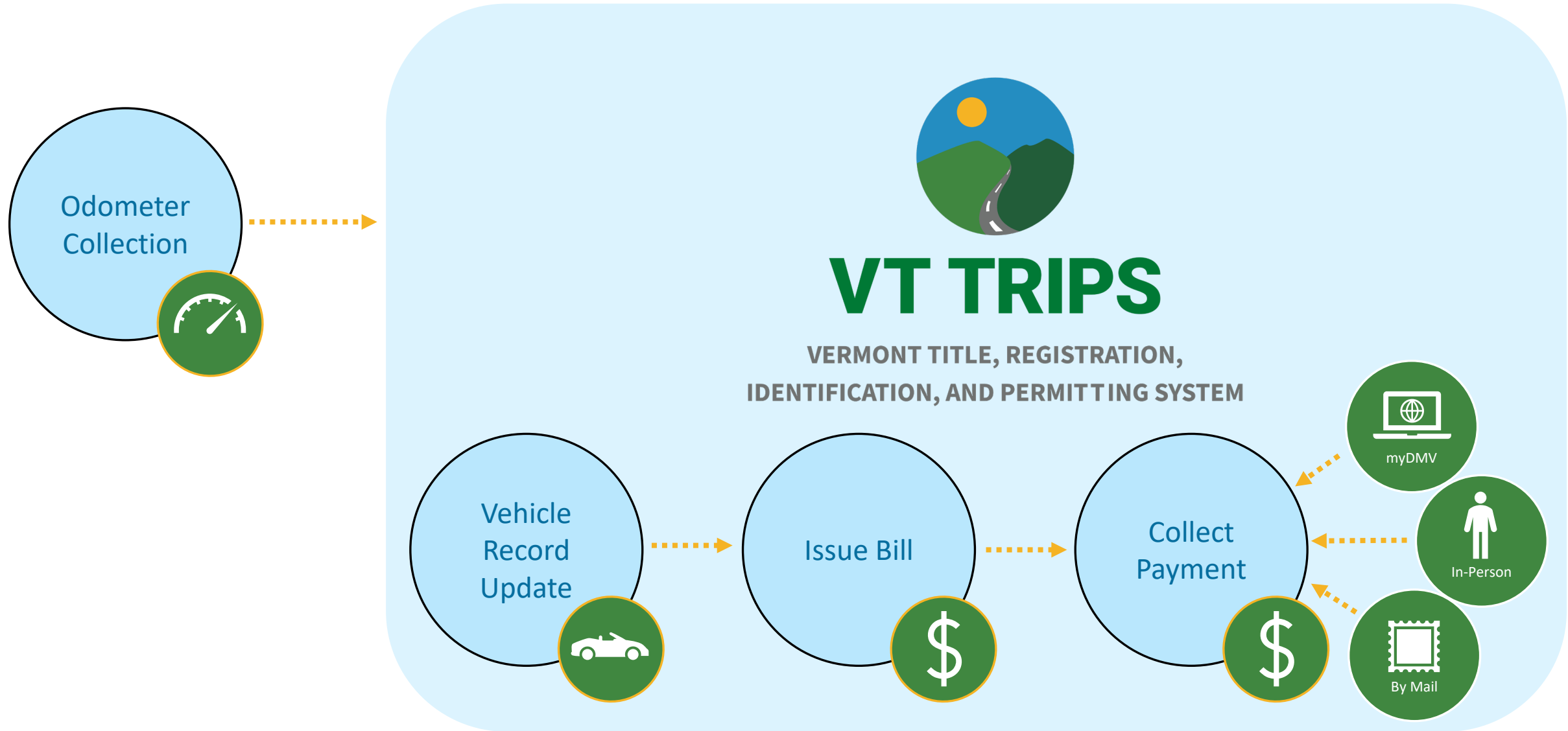
2023 Distance-weighted Average Light-Duty Fuel Economy

Recent data prevents BEV owners from paying much more than current ICEV owners

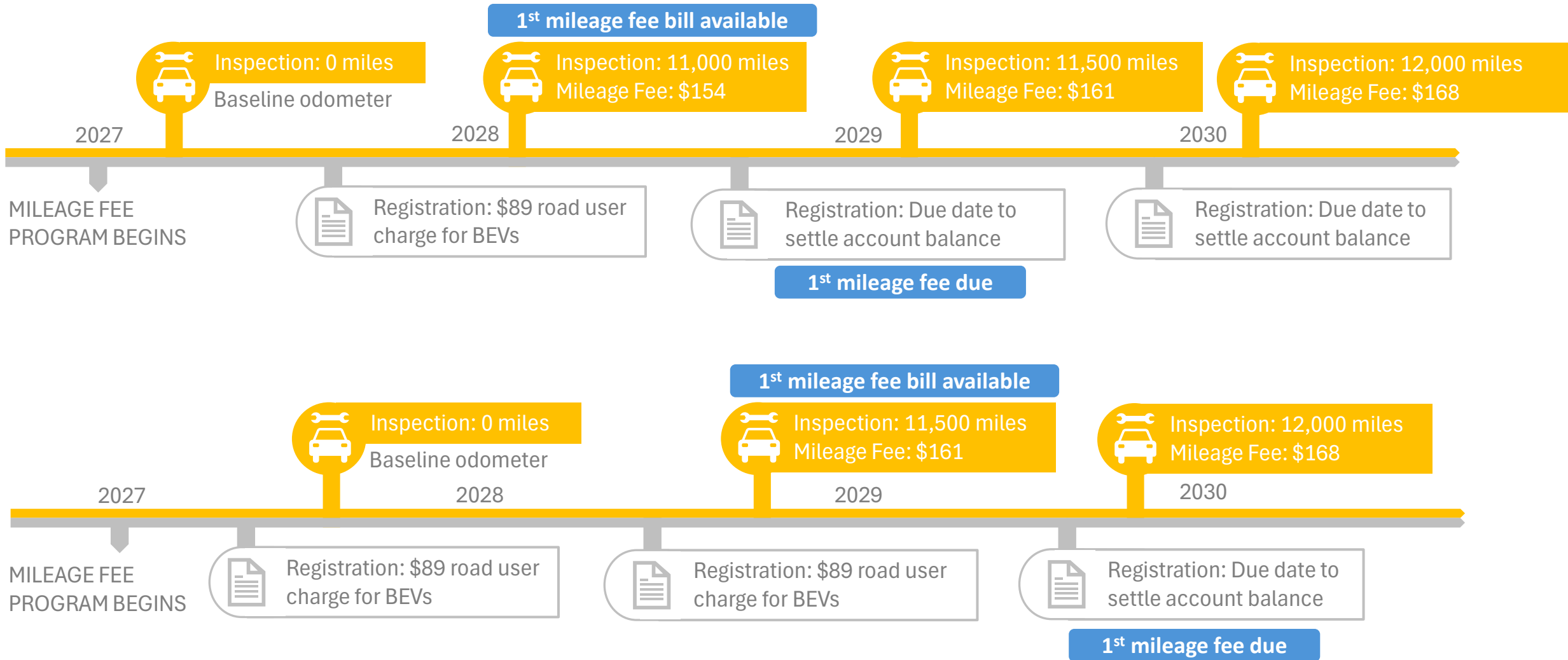
Distance weighting controls for the fact that vehicles are driven different amounts

Fuel economy comes from the 2023 VT gas and diesel vehicle registrations, matched by vehicle attributes to EPA light-duty fuel economies

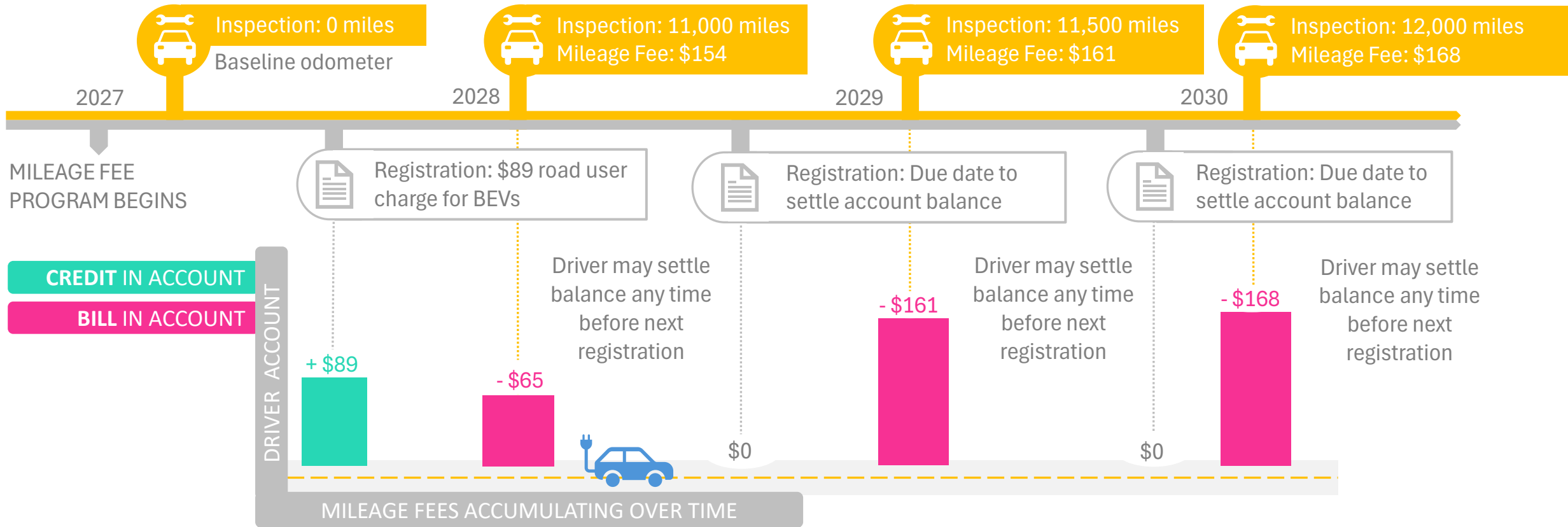
System Setup



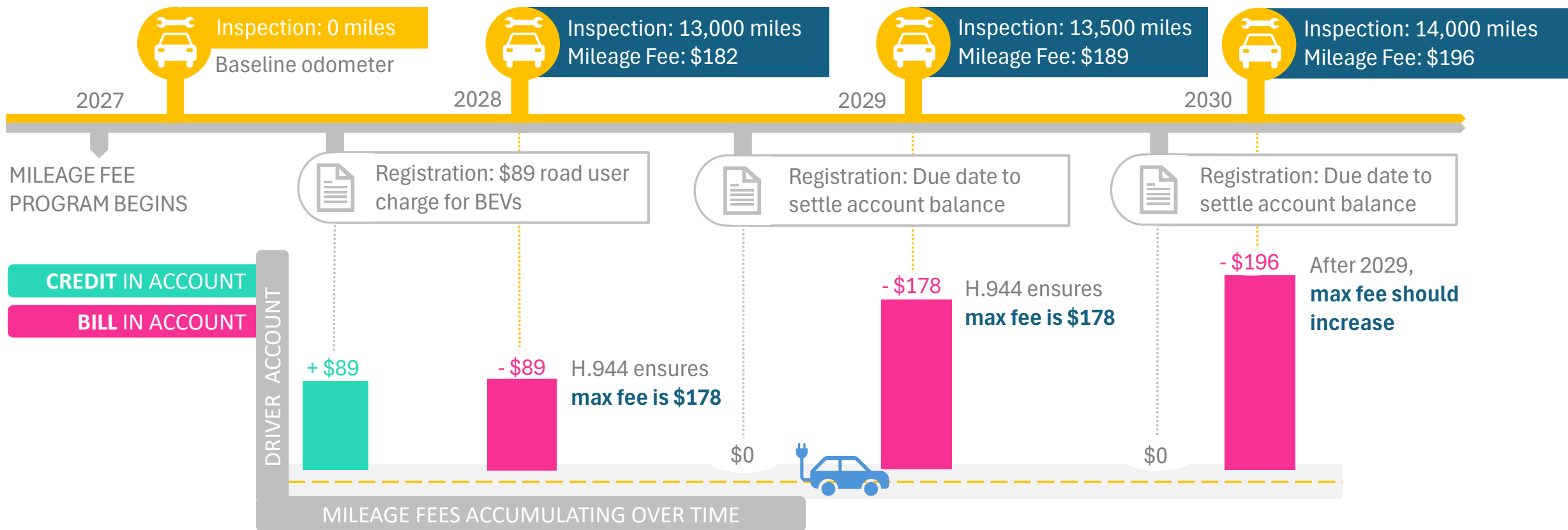
How will drivers pay 1.4 cent per mile fees starting in 2027?



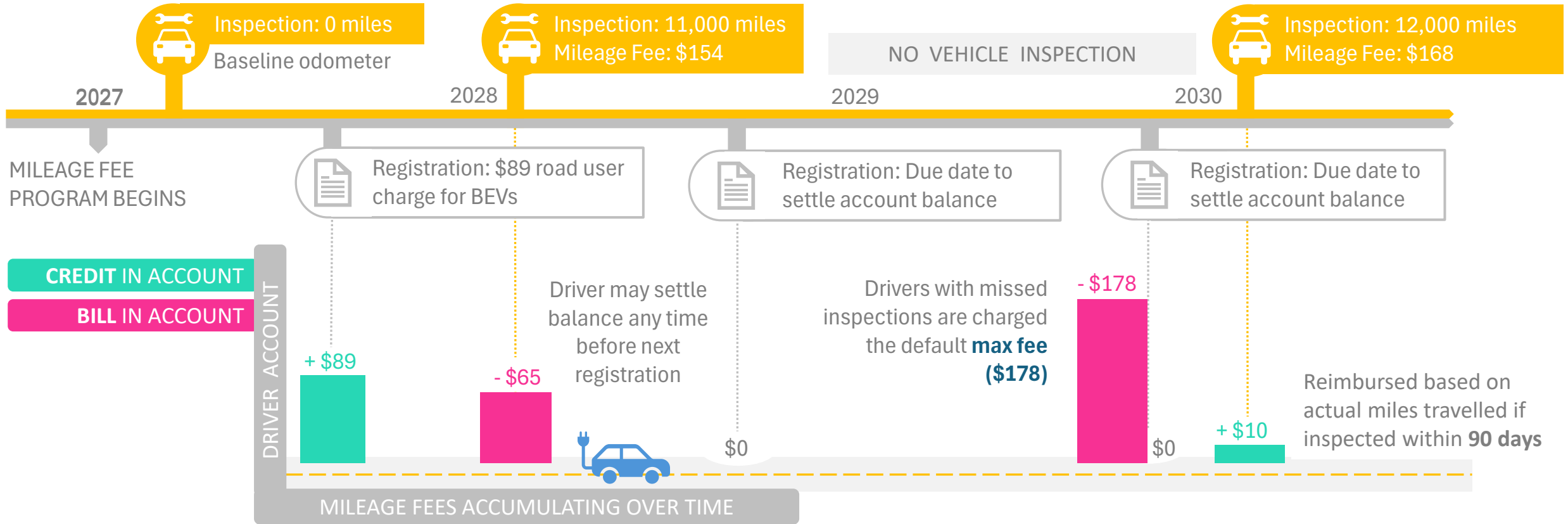
Example: 1-year registration + drives less than average mileage (first inspection before registration)



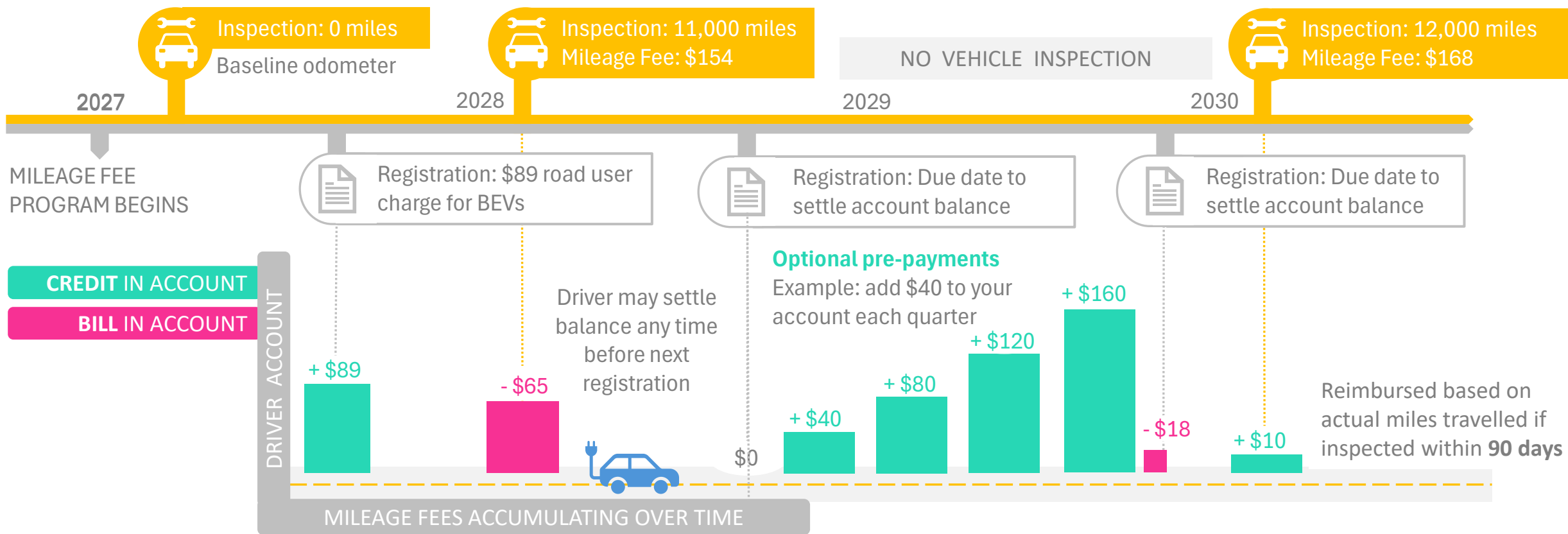
Example: 1-year registration + drives more than average mileage (first inspection before registration)



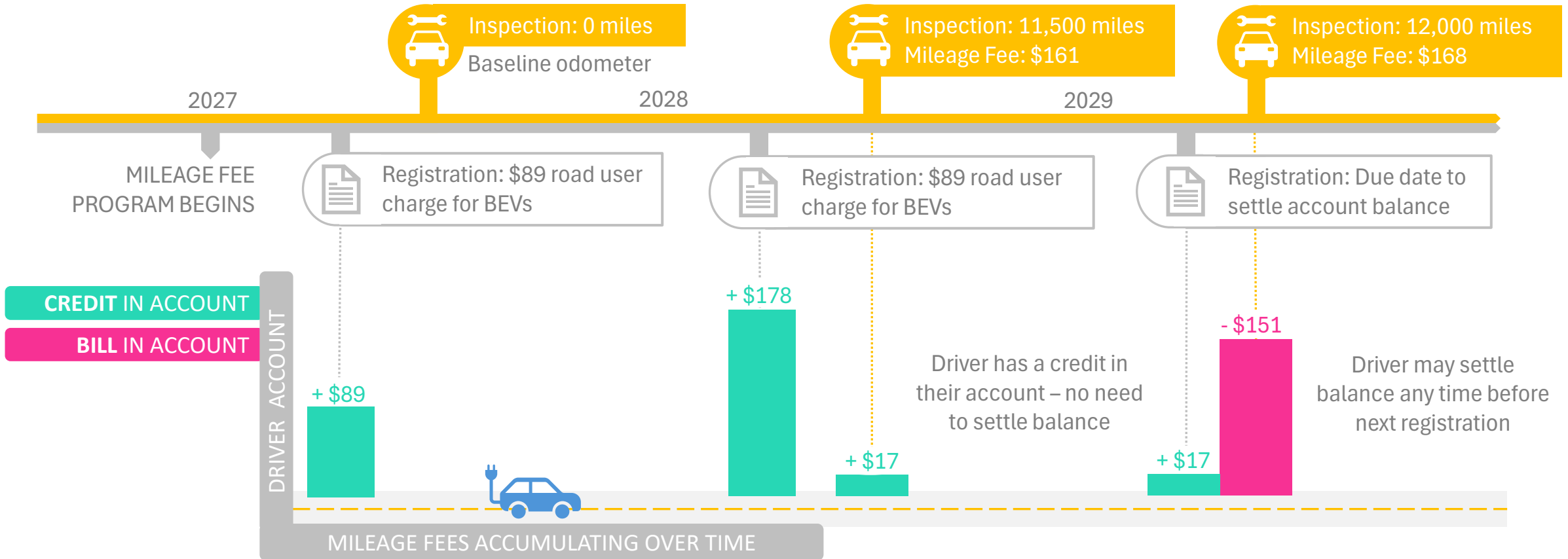
Example: 1-year registration + misses an inspection (first inspection before registration)



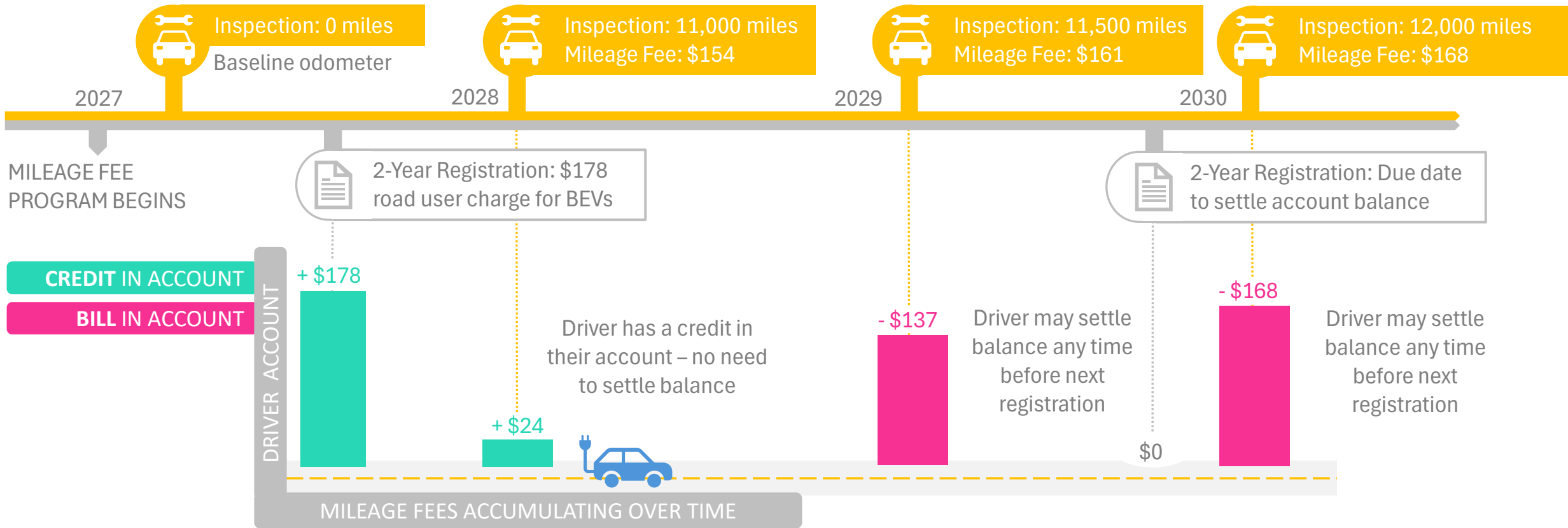
Example: 1-year registration + pre-payment + misses an inspection (first inspection before registration)



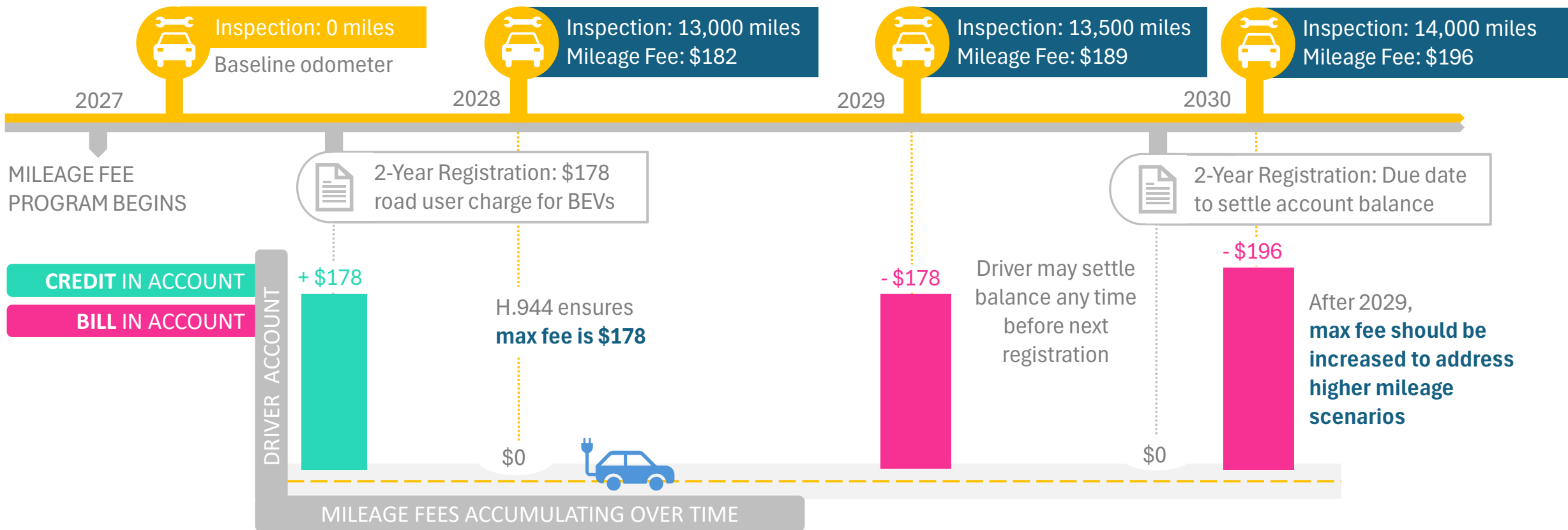
Example: 1-year registration + drives less than average mileage (first inspection after registration)



Example: 2-year registration + drives less than average mileage (first inspection before registration)



Example: 2-year registration + drives **more** than average mileage (first inspection before registration)



Strategic Innovation for Revenue Collection (SIRC)

Authorized by 2021 Investment Infrastructure and Jobs Act (IIJA):

To test the design, acceptance, equity, and implementation of user-based alternative revenue mechanisms, including among—

- (i) differing income groups; and
- (ii) rural and urban drivers, as applicable.

FEDERAL SHARE.—The Federal share of the cost of a pilot project carried out under this section may not exceed **80 percent** of the total cost of a project carried out by an eligible entity that has not otherwise received a grant



Strategic Innovation for Revenue Collection (SIRC)

<u>Task 1</u> : Project Management	\$375,000
<u>Task 2</u> : System Implementation	\$2,250,000
<u>Task 3</u> : Public Outreach and Education	\$862,500
<u>Task 4</u> : Policy Analysis and Transition Strategy	\$262,500

Total	\$3,750,000	(80% federally-funded)
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Major Grant Deliverables:

- Implementation of MBUF for electric vehicles – January 2027
- Final Report with transition strategy by Fall 2028

H.944: Reporting Back on Outstanding Issues

- Requires submission and discussion of Public Outreach, Education and Communications Strategy by September 15, 2026 (Section 19, H.944)
- Requires an initial MBUF transition plan by January 15, 2027 (Section 20, H.944), including
 - Additional mileage reporting options to distinguish between in- and out-of-state miles
 - System of fuel tax credits according to relative MPG ratings to ensure that no vehicles registered in Vermont and enrolled in program are paying more than the effective per mile rate (1.4 cents proposed), while still capturing out-of-state revenue
 - Proposed schedule for vehicles classes and fuel-types (i.e. 2029, 2031)
 - Evaluation of medium- and heavy-duty electric vehicles and weight-based factor
 - Recommendations for setting a flat fee cap and default flat fee in the absence of data
- Recommendations for a capped inflation adjustment factor once all vehicles are enrolled Ongoing reporting on program results
- Requires submission of draft FHWA Final Report by July 15, 2028

Contact

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